

be adopted and followed for tenant participation in management decisions for the 10 year period.

(e) *Limitations on profit.* Youthbuild residential rental housing projects meeting the requirements of this section shall be restricted from producing profit in excess of the limitations set out in sections 455(c)(1) and (2) of NAHA.

(f) *Restrictions on conveyance.* Conveyance restrictions apply to Youthbuild residential rental housing project(s) meeting the requirements of this section. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.

(g) *Ten year restriction.* The restrictions listed in paragraphs (a) through (f) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for all Youthbuild residential rental housing projects receiving Youthbuild assistance.

(Approved by the Office of Management and Budget under control number 2506-0142)

[60 FR 9737, Feb. 21, 1995, as amended at 61 FR 52187, Oct. 4, 1996]

§ 585.310 Project-related restrictions applicable to Youthbuild transitional housing for the homeless.

Where the award of a Youthbuild implementation grant includes the eligible activities of acquisition, architectural and engineering fees, construction, rehabilitation, operating costs or replacement reserves of transitional housing units, and where the costs for these activities are funded, in whole or in part, with Youthbuild grant funds, the housing project shall be required to comply with the following Youthbuild project-related restrictions:

(a) *Limitations on profit.* Youthbuild residential rental housing projects meeting the requirements of this section shall be restricted from producing profit in excess of the limitations set out in sections 455(c)(1) and (2) of NAHA.

(b) *Restrictions on conveyance.* Conveyance restrictions apply to Youthbuild transitional housing

projects meeting the requirements of this section. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.

(c) *Program requirements for transitional housing.* (1) Youthbuild transitional housing projects meeting the requirements of this section shall adhere to the requirements regarding service delivery, housing standards and rent limitations applicable to comparable housing receiving assistance under the Transitional Housing component of the Supportive Housing Program (title IV of the Stewart B. McKinney Homeless Assistance Act).

(2) The Secretary may waive these requirements to permit the conversion of a Youthbuild transitional housing project to a permanent housing project only if such housing complies with the Youthbuild project-related restrictions for residential rental housing projects found in § 585.309.

(d) *Ten year restriction.* The restrictions listed in paragraphs (a) through (c) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for a Youthbuild transitional housing project receiving Youthbuild assistance.

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§ 585.311 Project-related restrictions applicable to Youthbuild homeownership housing.

Where the award of a Youthbuild implementation grant includes the eligible activities of acquisition, architectural and engineering fees, construction, or rehabilitation of homeownership housing, and where the costs for these activities are to be funded, in whole or in part, with Youthbuild grant funds, the housing project shall be required to comply with the following Youthbuild project-related restrictions:

(a) *Program compliance.* Each homeownership project meeting the requirements of this section shall comply with the requirements of the HOPE II or

HOPE III program authorized under subtitle B or C respectively of title IV of the National Affordable Housing Act.

(b) *Restrictions on conveyance.* Conveyance restrictions apply to Youthbuild homeownership housing projects meeting the requirements of this part. Ownership of the property may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner for the balance of the 10 year period.

(c) *Ten year restriction.* The restrictions listed in paragraphs (a) and (b) of this section shall remain in force for a period of not less than 10 years after construction completion and issuance of an occupancy permit for Youthbuild homeownership housing projects meeting the requirements of this part.

§ 585.312 Wages, labor standards, and nondiscrimination.

Applicable provisions are stated in section 456(e) of NAHA.

[61 FR 52187, Oct. 4, 1996]

§ 585.313 Labor standards.

(a) *Trainees.* Davis-Bacon prevailing wage rate requirements are not applicable to trainees on housing projects or in training programs assisted by Youthbuild grant funds, regardless of whether other Federal assistance is involved. However, where the trainees' performance of public and Indian housing work is subject to HUD-determined prevailing wage rates under section 12 of the United States Housing Act of 1937, trainees must be paid HUD-determined wage rates; as a matter of policy, the wage rates determined by HUD to apply to Youthbuild trainees will be the trainee wage rates rather than journeyman rates.

(b) *Laborers and mechanics other than Youthbuild Trainees.* (1) All laborers and mechanics (other than Youthbuild trainees) employed by contractors or subcontractors in any construction, alteration or repair, including painting and decorating, of housing that is assisted by a Youthbuild grant shall be paid at rates not less than those prevailing on similar construction in the locality, as determined by the Sec-

retary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a through 276a-5). The employment of such laborers and mechanics on assisted housing shall be subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 through 333). Where these requirements are applicable, recipients, sponsors, owners, contractors and subcontractors must comply with all related Department of Labor and HUD rules, regulations and requirements.

(2) The labor standards requirements in paragraph (b)(1) of this section do not apply where a Youthbuild grant is provided solely for classroom and/or on-the-job training and supportive services for Youthbuild trainees, and the grant does not include costs for housing project development involving acquisition (including lease), rehabilitation or new construction of real properties; however, if other Federal programs provide assistance to the housing project, labor standards apply to laborers and mechanics other than Youthbuild trainees to the extent required by the other Federal programs. Applicants need to review applicable Federal regulations to determine which relevant requirements apply to their individual situations.

Subpart E—Administration

§ 585.401 Recordkeeping by recipients.

(a) Each recipient of a planning or implementation Youthbuild grant award must keep records that will facilitate an effective audit to determine compliance with program requirements and that fully disclose:

(1) The amount and disposition by the recipient of the planning or implementation Youthbuild grants received, including sufficient records that document the reasonableness, accuracy and necessity of each expenditure;

(2) The amount and disposition of proceeds, if any, from financing obtained in connection with the Youthbuild program, e.g., housing sales to eligible low-income families, property sales to other public or private entities;